



August 31, 2007

The Honorable Mark Sanford
Governor of South Carolina
Office of the Governor
Post Office Box 12267
Columbia, South Carolina 29211

Dear Governor Sanford:

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The University of South Carolina system educates over 43% of the total population of postsecondary students in our state. It takes a tremendous commitment of resources to meet the primary purpose of our institutions to provide a broad, comprehensive education that will continue to produce citizens who contribute vitally to the quality of life for all South Carolinians. The attached budget request describes and justifies the State financial support needed in order to help satisfy our educational goals and objectives. The request reflects many of our institutional priorities and the various initiatives are summarized below.

Columbia Campus

The Columbia campus is requesting support of the **Faculty Excellence Initiative** recruitment and retention program. This program is essential to fulfill the institution's mission of providing its students with outstanding scholars to enrich their educational experience. The University has successfully improved each year's freshman class by attracting top-notch students who are eager to obtain a quality education. In addition, the institution is experiencing unprecedented enrollment growth as more students are attracted to the University of South Carolina. Today, more than ever before, we are keeping large numbers of South Carolina's best and brightest here to learn and ultimately enrich our communities and businesses. Now, we must provide faculty scholars who will provide the vision and talent to produce successful citizens.

OneCarolina is the University System's multi-year initiative to replace its outdated administrative computing applications, including Student Information Systems, Finance, Sponsored Programs, and Human Resources into one easily-accessible, Web-based system. This change in technology is necessary to manage the University System in a professional manner that is both cost effective and responsive to our constituents.

Many faculty recruitments require large start-up outlays for equipment, providing staff support, and hiring associate faculty. The **Strategic Faculty Development** initiative will advance our ability to recruit a diverse, high-quality faculty work force in sufficient numbers to meet the high standards demanded of an education that prepares our students for the modern, knowledge-based environment they will encounter.

The University of South Carolina's Division of Law Enforcement and Safety has long been committed to providing a safe, secure environment for students, staff and faculty. This commitment is reinforced by recent tragic events on our nation's campuses. In our **Campus Health, Security & Life Safety** initiative,

we seek resources for installation of access control systems to make buildings more secure, additional call boxes for notifying authorities of emergencies, video systems to enhance surveillance, and a campus-wide alert system. Moreover, additional personnel positions are needed to support the University's enhanced security efforts.

SC LightRail is an innovative plan that will benefit all citizens of the State of South Carolina by improving communications among healthcare organizations, research units, and educational institutions. **SC LightRail** is a collaborative project involving participation by the Medical University of South Carolina, Clemson University, the University of South Carolina, and Health Sciences South Carolina which will improve healthcare for the citizens of South Carolina. Scientists and researchers need the network capacity of **SC LightRail** in order to take full advantage of the grid/high performance computing opportunities offered through the SURA/IBM partnership.

Long recognized for innovation and excellence in international programs, the University of South Carolina seeks support of its **Global Competitiveness Initiative** in order to expand the level of participation by our students and faculty in the world about us. There is mounting pressure placed on our universities to develop and sustain curricula that will prepare our students to compete and thrive in the global economy. The **Global Competitiveness Initiative** will allow the University to expand its successful study-abroad program, acquire more offshore internships for students, and extend participation in exchange programs by more students, including those whose financial constraints might otherwise preclude them from experiencing these important activities.

The **Student Partners in Academic Research (SPAR)** program will provide an enriched academic experience for the University's undergraduate and graduate students through research opportunities in all disciplines from science, technology and medicine to theatre, music and art. Through faculty mentoring relationships and exposure to live professional research experiences, students may attain in-depth knowledge not achievable in ordinary classroom settings.

In partnership with the Greenville Hospital System and Palmetto Health, the University plans to extend its research capabilities to those health care providers to provide immediate advances in diagnosis, treatment and prevention by way of the **South Carolina Health Advancement** initiative. This will lead to improved healthcare initially for significant segments of the state's population, and research findings resulting from the initiative ultimately will lead to improvements in the health of all South Carolina citizens.

Capital Budget Priorities

The USC Columbia campus is comprised of 163 buildings on 384 acres situated in the heart of the state. The Columbia campus has identified three capital budget priorities: the School of Law building replacement, the historic Gibbes Green renovations, and the renovation/addition to the Moore School of Business. Funding of capital projects is a high priority as we strive to achieve excellence in all aspects of the institution's mission.

The condition of facilities is a vital consideration when programs are under review for accreditation. Reducing deferred maintenance is a primary goal of the University in order to protect state resources and enhance the learning environment. The amount of deferred maintenance for the Columbia Campus as listed in the CHE 2003 Update is \$150,513,637. Recently, a comprehensive building quality survey was completed for the Columbia Campus which indicates the actual deferred maintenance is in excess of \$500 million. A State capital improvement bond bill is critical to the reduction of this backlog.

State Funding Priorities

The University of South Carolina fully supports retaining the full \$30,000,000 in funding from the Education Lottery for the Endowed Chairs program. South Carolina's students also benefit from the program. Increasing the level of training we can provide allows us to keep our best and brightest at home, helping to end our talent export. We encourage our state's leaders not to look at funding the Endowed Chairs program as an appropriation, but rather as an investment -- a smart investment that will fuel innovation, enhance economic opportunity, and lead to a stronger South Carolina.

South Carolina's political leadership should be commended for creating and supporting the Centers of Economic Excellence Program during the last five years. This visionary initiative leverages state and private funds along with university-based research to drive economic growth in areas such as nanotechnology, health sciences, future fuels, energy alternatives, automotive engineering, and advanced fibers with the greatest promise to create high-skill, high-paying jobs. This model has created a magnet for private-sector investment in South Carolina.

The state's three research universities -- Clemson University, the University of South Carolina, and the Medical University of South Carolina -- are using the program to benefit our state. In addition to increased research collaboration among the three institutions, we are now able to get the attention of the world's best scientists and graduate students.

Last year, approximately 90 people, including representatives from the Legislature, various state offices, the South Carolina Hospital Association and all USC nursing deans formulated "One Voice – One Plan" to address the critical shortages of nurses across South Carolina. The plan received an initial investment of \$1,000,000 for FY2008. The University of South Carolina System is combining internal resources and collaborating with other institutions to support the state-wide coordinated, comprehensive workforce plan and strongly supports the funding request for the South Carolina Critical Needs Nursing Initiative.

The University of South Carolina system supports an increase to the Need-Based Grants program administered by the South Carolina Commission on Higher Education. The Need-Based Grants program is a worthwhile investment in the state's neediest students by providing the financial resources to pursue a degree in higher education. A major contributor to the success of the state's economic competitiveness is the level of education held by its population.

USC supports an increase for the Experimental Program to Stimulate Competitive Research (EPSCoR) to fund the IDEa program - Institutional Development Awards. An increase in funding will enable EPSCoR to become more competitive in securing federal research funds. The South Carolina EPSCoR/IDEa program identifies, develops, and uses academic science and technology resources to increase South Carolina's research and development competitiveness and support economic growth through the state's colleges and universities, their science and engineering faculty, and their students. Increasing South Carolina's scientific and technological research competitiveness is critical.

As in every year, we ask that the faculty and staff of our higher education institutions be recognized as state employees and afforded the same benefits as any state employee—particularly in any pay plan for cost of living and/or merit adjustments as well as increases to employer contributions for health insurance and the South Carolina Retirement System.

USC Senior and Regional Campuses

The USC Senior campuses at Aiken, Upstate and Beaufort and the Regional campuses at Lancaster, Salkehatchie, Sumter, and Union are appreciative of the recurring parity funding provided in FY2008, but we would like to encourage a full study of the implications of parity for these institutions. This funding is part of the "Investment in Academic Excellence" initiative to retain our best and brightest faculty and students as well as recruit faculty and students who will contribute to the economic welfare of our state.

Addendum

All activities of the University of South Carolina's campuses directly support the mission of teaching, research and creative activity, and service. The activities reported in the Agency Activity Inventory are based on expenditure classifications established by the National Association of College and University Business Officers (NACUBO) and are standard across higher education. These classifications identify all critical and necessary components of an institution's mission and are not separable. As such, we feel all of our activities are critical to fulfilling the mission of our University and satisfying our obligations to the citizens of South Carolina.

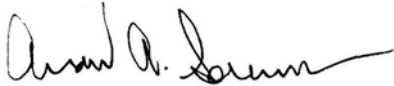
Provisos

The University of South Carolina is requesting amendments to two provisos (15.1 and 15.6) and the deletion of the following proviso:

89.97 (GP: Academic Center) Of the funds appropriated to the University of South Carolina Upstate for other operating expenses, \$100,000 shall be transferred to Spartanburg Community College to support the Academic Center.

The University, along with the State, has experienced unprecedented growth, prompting monumental challenges to successful attainment of the goals. Quite frankly, however, success will not occur without a long-term commitment from government, business and education. The University of South Carolina plays a critical role in delivering higher education throughout the state and it is hoped that the Office of the Governor and the State Legislature will continue to provide support for this mission.

Sincerely,



Andrew A. Sorensen

c: Dr. Mark Becker, Executive Vice President for Academic Affairs and Provost
Mr. Richard Kelly, Vice President and Chief Financial Officer
Ms. Leslie Brunelli, Budget Director
Dr. Garrison Walters, Director, S. C. Commission on Higher Education
Mr. Les Boles, Director, Budget and Control Board

FISCAL YEAR 2008-09 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: **15H/H40/UNIVERSITY OF SOUTH CAROLINA UNION**

B. **Statewide Mission: The purpose of USC Union is to give the people of Union and surrounding counties an intellectual, social, cultural, and physical setting which challenges them to grow in many ways and to develop a desire for lifelong learning. USC Union's primary purpose is to provide the first two years of a liberal arts university education to about 500 traditional and nontraditional students and to confer the Associate in Arts and the Associate in Science degrees. USC Union supports faculty development activities that help maintain this excellence and improve its programs through institutional research, planning, and comprehensive faculty involvement in both campus and University affairs.**

C. **Summary Description of Strategic or Long-Term Goals:**

(1) Increase enrollment through development of new programs, enhancing existing curriculum, and improving retention. This goal is of prime importance for two reasons. First, the mission of USCU is one of outreach. Our purpose is to bring the educational programs of USC to as many residents of our seven county service area as possible. Second, in order to provide these services, we must have a minimum enrollment to provide the foundation in facilities, personnel, and budget.

(2) Improve the Learning Environment by improving student writing skills, improving classroom technology, and developing a facilities' master plan.

(3) Improve research, assessment, and planning activities through the recruitment and retention of faculty.

D.

Summary of Operating Budget Priorities for FY 2008-09:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.: 1	Title: Recruitment and Retention of Faculty	0	150,000	0	0	\$150,000	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (if applicable): 1,2,& 3 Activity Number & Name: 547 Instruction										
TOTAL OF ALL PRIORITIES		\$ 0	\$150,000	\$ 0	\$ 0	\$150,000	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation:

State	\$ 1,033,572
Federal	\$ 743,924
Other	\$ 2,177,990

F. Efficiency Measures:

South Carolina Commission on Higher Education Performance Funding Rating for FY04-05: Achieves - 2.40 out of 3.00 – 80% (This is the last year that the South Carolina Commission on Higher Education provided this data.)

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.: 1	Project Name: Facility Upgrade Activity Number & Name: 551 Operations and Maintenance	Project No*:	700,000	0	0	\$700,000
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$700,000	\$ 0	\$ 0	\$700,000

* If applicable

H. Number of Proviso Changes: **NONE**

I. Signature/Agency Contacts/Telephone Numbers:

Richard W. Kelly
Vice President and Chief Financial Officer

Leslie G. Brunelli
Budget Director

II. DETAILED JUSTIFICATION FOR FY 2008-09 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: **15H/H40/ UNIVERSITY OF SOUTH CAROLINA UNION**

B. Priority No. **1 of 1**

C. (1) Title: **Investment in Faculty Excellence**

(2) Summary Description:

In order to develop new programs and expand the existing curriculum, it is imperative that USC Union investigate recruiting new faculty. Recruiting and retaining quality faculty is important as USC Union works to establish new programs.

(3) Strategic Goal/Action Plan (*if applicable*):

Strategic Goal 3: Improve research, assessment, and planning activities through the recruitment and retention of faculty.

D. Budget Program Number and Name: **Agency-wide**

E. Agency Activity Number and Name: **547 Instruction**

F. Detailed Justification for Funding

(1) Justification for Funding Increase:

Changes in the Regional Campuses Tenure and Promotion system have made scholarly activity of tenure-track faculty at USC Union a more important component of their work than in the past. We must create an environment that stimulates not only excellence in the classroom but also excellence in research. To that end, we must also develop systems of stronger assessment for all activities that support the vision and mission of the university. With scholarly activity becoming a more important part of the work of tenure-track faculty, a working environment that promotes this must be established. Financial support to allow faculty to conduct research in addition to or in lieu of teaching must be provided to insure faculty meet the requirements for tenure and promotion established by the Provost and the Regional Campuses Faculty Senate. In addition, a system of yearly pay raises needs to be investigated in order to bring faculty salaries at USC Union in line with regional averages.

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service		100,000			\$100,000
(c) Employer Contributions		25,000			\$25,000
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses		25,000			\$25,000
Total	\$ 0	\$150,000	\$ 0	\$ 0	\$150,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 1,033,572
Federal	\$ 743,924
Other	\$ 2,177,990

(4) Is this priority associated with a Capital Budget Priority? no If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State **17.60**

Federal

Other **12.22**

Agency-wide Vacant FTEs as of July 31, 2007: **4.6662**

% Vacant **15.65** %

H. Other Comments:

III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

- A. Agency Section/Code/Name: **15H/H40/ UNIVERSITY OF SOUTH CAROLINA UNION**
- B. Priority No. **1** of **1**
- C. Strategic Goal/Action Plan (*if applicable*): **Strategic Goal 2: Improve Learning Environment**
- D. Project Name and Number (*if applicable*): **Facility Upgrades**
- E. Agency Activity Number and Name: **551 - Operations and Maintenance**
- F. Description of Priority: **This project is to upgrade existing facilities on the USC Union campus. Work will include upgrade/replacement of the HVAC system serving the auditorium in the Main Building and the library in the Central building. Site work and infrastructure upgrades will also be included, with an emphasis on adding a parking lot.**
- G. Detailed Justification for Funding
- (1) Justification for Funding Priority: **The project is needed to provide funding for major maintenance projects on the Union Campus. The replacement of the HVAC in the Main Building is required because the existing unit is too small and noisy. It cannot be operated while people are in the auditorium. The HVAC system in the Central Building does not provide adequate humidity control in the library. With increased enrollment on the campus, it has become necessary to utilize the auditorium for classroom space. The learning environment will be uncomfortable if the HVAC system cannot be operated during the classes. The only alternative is to continue to operate in the existing facilities using limited maintenance funds to address the most immediate maintenance needs in a piecemeal manner. This project was included in the 2007 CPIP and was initially listed as priority number two. However, since that time, priority number one has been removed from the list.**

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*	700,000			\$700,000

* If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.

H. Justification for First Year Additional Future Annual Operating Costs: **No additional operating costs are anticipated.**

(1) Will additional annual operating costs be absorbed into your existing budget? _____

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. _____

(2) First Fiscal Year Additional Annual Operating Costs Are Anticipated: _____ Will this fiscal year require a partial or full year's operating funds? _____ If a partial year's funds are required, what portion of the year does it cover? _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. Justification for First Full Year Additional Future Annual Operating Costs (*If Section H above represents a full year's operating funds, do not complete this section.*)

(1) Will additional annual operating costs be absorbed into your existing budget? _____

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. _____

(2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

FY 2008-09 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. PRIORITY ASSESSMENT OF ACTIVITIES – HIGHEST PRIORITIES

A. Agency Section/Code/Name: **15H/H40/UNIVERSITY OF SOUTH CAROLINA UNION**

B.

Priority Assessment of Activities – Highest Priorities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: 547 Instruction: Arts & Sciences	565,697	102,066	0	0	493,963	\$1,161,726	10.02
Activity Number & Name: 550 Student Services	121,990	100,207	0	0	248,903	\$471,100	5.39
Activity Number & Name: 549 Academic Support	153,529	0	0	0	179,127	\$332,656	2.95
TOTAL OF HIGHEST PRIORITIES	\$841,216	\$202,273	\$ 0	\$ 0	\$921,993	\$1,965,482	18.36

FY 2008-09 ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF ACTIVITIES – LOWEST PRIORITIES

- A. **Agency Section/Code/Name: 5KH/H40/UNIVERSITY OF SOUTH CAROLINA UNION**
- B. Agency Activity Number and Name:
- C. Explanation of Lowest Priority Status:
- D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

- E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

The activities reported in the Agency Activity Inventory are based on expenditure classifications established by the National Association of College and University Business Officers (NACUBO) and are standard across higher education. These classifications identify all critical and necessary components of an institutions mission and are not separable. As such, we feel all of our activities are critical to fulfilling the mission of our University.

F.

Summary of Priority Assessment of Activities – Lowest Priorities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: 553 Auxiliary: Bookstore	0	0	0	0		\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00